

FINANCIAL

ATC initially paid \$8,500,000 for 100% of the capital stock of D&D with the sellers receiving \$3,500,000 of cash and taking back a \$5 million, 5 year note with an 8% coupon. Post closing adjustments have reduced the note down to \$4,250,000. Wells Fargo Bank funded \$2,500,000 of the cash portion via a senior secured credit facility charging 100 basis points over the prime rate on a variable basis. The shareholders of Argo contributed \$1,000,000 of equity. Argo Turboserve Corporation was described as a highly leveraged conglomerate with about \$2,000,000 of EBITDA on \$61 million of sales, not giving effect to D&D.